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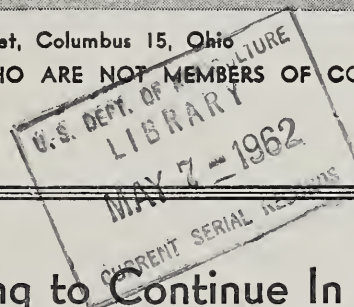
Frank W. Fisher

MARKET ADMINISTRATOR

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Exodus from Dairying to Continue In the Next Decade

The Dairy Situation, Economic Research Service USDA,

Because milk cows have become more productive, fewer of them have been needed to produce the nation's milk requirements. The number of milk cows has declined in every year since 1944 with the exception of 1953. At the same time, many dairy farmers have enlarged the size of their operations in order to take better advantage of improvements in technology and to gain access to better markets. This has resulted in substantially fewer but larger and more specialized dairy farms.

The rate at which farmers leave dairying depends on the availability and attractiveness of other economic opportunities, both on and off the farm. It is also influenced by the mobility of milk producers, or their ability or willingness to take advantage of more remunerative alternatives. Many farmers who formerly produced milk have been attracted to beef production because these two livestock enterprises use about the same farm resources, and because the demand for beef has been rising, while the demand for milk has been declining. In addition, beef production is much less confining than milk production. Others have found better economic opportunities in other endeavors, including nonfarm employment.

Data on annual costs and returns

for various types of representative commercial farms are published by the Department of Agriculture. Continued low returns to dairy farmers in comparison with returns from some other lines of farming and non-farm pursuits suggest that lack of mobility has been a serious problem confronting dairy farmers. Available statistics for 26 States from the Census of Agriculture reveal that the proportion of dairy farm operators who now spend time working off their farms is somewhat lower, although not much different from 5 years ago. A somewhat smaller proportion also receive a substantial part of their income from sources other than from the operation of their farms. In the 26 States, in 1959 the proportion of all dairy operators working off farms at any time during the year was 30 percent, as opposed to 34 percent in 1954. But only 12.0 percent worked off their farms 100 days or more in 1959, compared with 13.0 percent in 1954. In 1959, only about 8 percent of dairy farmers received more than half of their income from sources other than the operation of their farms, 1 percent less than 5 years earlier.

It is extremely difficult to measure the mobility of dairy farmers, because it is determined by a large

number of factors, many of which are psychological rather than economic. Psychological considerations would include such intangibles as ties to the community and the satisfactions of dairying as a way of life. The age of the farm operator is also important. Older farmers with less pressing financial responsibilities are able and willing to accept much lower returns than younger persons. This is especially true where farms are free from debt. In some cases, farmers may be simply living off their investments, with little or no return for their labor.

EXPORT OF FEED GRAINS

SLIGHTLY ABOVE 1960-61 LEVEL

The Feed Situation, Economic Research Service
USDA, December 1961

Exports of the 4 feed grains totaled about 3.6 million tons during October-December, 3 percent above the tonnage exported in that quarter of 1960 and 25 percent above the 1956-60 average for the quarter. Based on present indications, exports of the 4 feed grains for the entire 1961-62 feeding year are expected to exceed the 12.3 million tons exported in the 1960-61 marketing year. The total quantity of corn exported is expected to be above last year's level, while smaller exports of each of the other 3 grains are in prospect.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

Feb 1962	Jan. 1962	Feb. 1961
\$4.28	\$4.30	\$4.44
4.66	4.68	4.83
4.516	4.517	4.715
4.116	4.117	4.315
3.887	3.892	3.842
3.261	3.266	3.095
7.6¢	7.6¢	7.8¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

77.5	79.3	78.4
70.2	72.5	72.5
6.8	6.3	7.9
1.9	1.9	2.3
2.0	1.9	1.5
2.8	2.6	2.4
13.7	12.5	12.2
25.1	23.0	22.8

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

30,576,654	33,597,270	27,302,402
846,068	859,117	764,420
1,326	1,329	1,482
824	815	658
3.93	3.97	3.87
\$1,405,441.58	\$1,562,372.55	\$1,289,752.51
\$264.28	\$265.46	\$217.57

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

22,846,772	25,669,670	20,630,520
843,141	967,225	767,086
23,689,913	26,636,895	21,397,606
2,058,260	2,179,291	2,214,915
23,217	24,512	24,420
2,081,477	2,203,803	2,239,335

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

306,296	309,228	302,336
4,657	4,632	4,729
16,969	16,519	18,016
12,321	12,231	12,697
8,724	8,844	8,557

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



Feb., 1953 - '62

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1953.....	18,732,785	4.03	76.5	15.2	8.3	—	4.50	4.662	4.262	3.586	—	2,228	300
1954.....	21,690,415	3.96	71.0	13.0	16.0	—	4.13	4.34	3.94	3.46	—	2,238	346
1955.....	21,417,170	3.94	77.1	8.1	7.1	7.7	4.02	4.23	3.83	3.83	3.154	2,132	359
1956.....	23,832,175	3.89	75.7	9.8	6.9	7.6	3.91	4.094	3.694	3.694	3.118	2,074	396
1957.....	21,646,895	3.80	85.7	8.7	2.9	2.7	4.44	4.529	4.129	4.029	3.063	1,921	402
1958.....	22,305,961	3.86	83.9	9.6	3.1	3.4	4.38	4.504	4.104	4.003	3.082	1,844	432
1959.....	21,909,063	3.85	86.4	10.7	.8	2.1	4.34	4.44	4.04	3.94	2.869	1,689	463
1960.....	27,057,916	3.93	80.9	7.2	2.2	9.7	4.28	4.508	4.108	3.742	2.993	1,703	548
1961.....	27,302,402	3.87	78.4	7.9	1.5	12.2	4.44	4.715	4.315	3.842	3.095	1,482	658
1962	30,576,654	3.93	77.5	6.8	2.0	13.7	4.28	4.516	4.116	3.887	3.261	1,326	824

Record Commercial Stocks At End of 1961

The Dairy Situation, Economic Research Service, USDA, February 1962

Commercial stocks in terms of milk equivalent were a record 4.9 billion pounds at the end of 1961 — about 0.8 billion pounds more than 1960 closing stocks and about 1.8 billion pounds more than the 1947-49 average. Included in commercial stocks are butter, cheese, evaporated milk, condensed milk (case goods), dry whole milk, and cream. In addition manufacturers' stocks of nonfat dry milk at the end of December were 134 million pounds, the largest closing inventory since 1952.

Evaporated milk showed an increase of 5 million pounds and condensed milk ending stocks were slightly below 1960. After several years of declining stocks of dry

whole milk, manufacturers increased their inventories in the last half of 1961 by about 7 percent above the same period of 1960.

Commercial stocks not only show the amount of unsold products available to the market, but they also indicate the confidence that marketing firms have in the ability of the commercial market to absorb future production. Butter, cheese, and nonfat dry milk production has generally exceeded commercial demand for the past 10 years. As a result, prices have usually followed support prices quite closely. Except for cheese for curing, seasonal price changes haven't been large enough to justify extensive commercial storage. For

butter, commercial stocks represent only the amount needed to offset short-run changes in movement into marketing channels. Present butter production is well in excess of current domestic commercial requirements. The excess is moving to CCC. Total cold storage holdings of butter at the end of 1961 were 225 million pounds, of which only 20 million pounds were commercial stocks and 205 million pounds were CCC holdings.

On the other hand, of the 473 million pounds of cheese in cold storage at the close of 1961, 420 million pounds were in commercial stocks, and only 53 million pounds in Government holdings.

DECLINING CONSUMPTION OF FLUID PRODUCTS CONTRIBUTES TO LOWER PRICES

The Dairy Situation, Economic Research Service USDA, February 1962

Per capita consumption of fluid milk and cream fell from 325 pounds of milk equivalent in 1960 to 314 pounds in 1961, according to preliminary estimates. Consumption of fluid products was characterized by decreases in the use of whole milk and cream items and increases in skim and low-fat milk. In spite of population gain of nearly 3 million, about 800 million pounds less milk (fat solids basis) were used for fluid purposes in 1961 than in 1960. This decline in consumption, as well as increases in milk deliveries, contributed to lower prices paid farmers for milk sold for fluid use.

School Lunch and Special Milk Programs accounted for 4.6 percent of the fluid milk consumption in 1961 as compared with 4.3 percent in 1960.

Total per capita consumption of butter declined from 7.5 pounds in 1960 to 7.4 pounds in 1961. The decline per person from commercial sources was from 6.7 pounds to 6.2 pounds. Consumption arising from CCC donations was about 0.9 pound per person. Consumption of all cheese rose from 8.4 pounds per person in 1960 to 8.5 pounds in 1961. American cheese rose about 0.2 pound per person, while other cheese dropped 0.1 pound. CCC donations made up about

0.2 pound of the per capita use of American cheese. The per capita consumption on condensed milk remained unchanged in 1961. However, all other major manufactured products fell.

Total consumption of milk and dairy products (milk equivalent) declined from 115.9 billion pounds in 1960 to 115.4 billion pounds in 1961, a drop in per capita consumption from 653 pounds to 640 pounds. However, excluding CCC donations and the milk consumed in the National School Lunch and Special Milk Programs, civilian consumption fell about 2 billion pounds.

MILK PRODUCTION CONTINUES TO INCREASE

The Dairy Situation, Economic Research Service,
USDA, February 1962

Milk production reached a new high of 125.5 billion pounds in 1961, 2.2 percent above 1960 and about 0.6 billion pounds above the previous record of 124.9 billion pounds set in 1956. Early 1962 production continued at record-high levels, 2.5 percent above a year earlier. The sustained high rate of increase in late 1961 and in early 1962 points to another record production year in 1962.

Conditions are generally favorable for a continued uptrend in milk production. Cow numbers on January 1 were only slightly below last year, with production per cow 4 percent higher. The proportion of cows milked in herds was a record 73 percent on January 1, and 74 percent on February 1 — well above the respective 1951-60 averages of 68.9 and 69.6. Grain fed daily per cow is at a record rate. Though the milk-feed ratio declined slightly from a year ago, the change is too small to have much effect on production.

The proportion of cows milked in dairy herds directly affects both total and per cow production. During the past 10 years, farmers have been steadily milking a higher proportion of cows in herds during fall and winter months. This change reflects an increase in the fall freshening of milk cows and improved feeding practices.

OUTPUT OF MANUFACTURED DAIRY PRODUCTS RISING

The Dairy Situation, Economic Research Service, USDA, February 1962

During 1961, increased milk production was accompanied by a decrease in the use of milk on farms and in the consumption of fluid milk and cream. As a result, nearly 4 billion pounds more milk became available for manufacture than in 1960. Nearly all of this milk was utilized for the manufacture of butter, cheese and nonfat dry milk. Creamery butter production in 1961 reached 1,494 million pounds, an increase of 9 percent over 1960; American cheese production increased 15 percent to 1,142 million pounds; and manufacture of nonfat dry milk rose to 2,010 million pounds, 11 percent above the previous record of 1,818 million in 1960. Evaporated milk production dropped 3 percent from 2,177 million

pounds to 2,120 million pounds.

The prospect of increased milk production with about the same consumption as 1961 points to higher output of the dairy products purchased under the price-support program in 1962. Weekly production figures indicate that much of the increased milk production is being used in butter, nonfat dry milk and that butter in January 1962 is continuing the high rate of late 1961, running about 18 percent above a year earlier. American cheddar cheese production is about 4 percent below the high levels of a year earlier, but higher than in 1960. In 1960-61 fall and early winter unusually high cheese production had been encouraged by a favorable commercial demand.

Market Quotations

FEBRUARY
1962

MINNESOTA - WISCONSIN PRICE SERIES	\$3.29
MIDWEST CONDENSERIES 3.5% per Cwt.	3.139
4 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.8688
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.906
Evaporated Milk Code Price, 3.5% per Cwt.	2.908
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.3721
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.311
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.335
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo)	3.209
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-State, North Central O.)	3.209
Average Weekly Cheddars price per lb.	.3525
Average price per lb. non-fat dry milk solids, roller process, delivered in Chicago	.15675
Average price per lb. 92-score butter at Chicago	.60466
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1520

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